

Message Text

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PAGE 01 PEKING 00296 201047Z

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C O N F I D E N T I A L PEKING 0296

E.O. 11652: GDS

TAGS: PINT PGOV PROP CH

SUBJECT: CRITICISM OF PRC MODERATE ECONOMIC POLICIES

REF: PEKING 0254, HONG KONG 1822

1. BEGIN SUMMARY: FOLLOWING A SERIES OF LEAD ARTICLES OF "ECLECTICISM", "PURE PRODUCTION," AND SIMILAR TOPICS WHICH SET THE STAGE, PEOPLE'S DAILY ON FEBRUARY 17 LAUNCHED A FULL-SCALE ATTACK ON THE DOMESTIC POLITICAL AND ECONOMIC POLICIES CARRIED OUT UNDER TENG HSIAO-PING'S LEADERSHIP THROUGH 1975. UNLESS THE FOCUS OF CRITICISM CHANGES, THE PLANNED DEVELOPMENT PROGRAM CAREFULLY CONSTRUCTED BY TENG AND HIS ASSOCIATES OVER THE PAST YEAR COULD BECOME A CASUALTY OF THE CURRENT STRUGGLE. END SUMMARY.

2. WITHOUT MENTIONING TENG OR OTHER LEADERS BY NAME, THE ARTICLE CRITICIZED THE "REVISIONIST PROGRAM" OF MAKING THE
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PAGE 02 PEKING 00296 201047Z

"THREE POINT DIRECTIVE" THE KEY LINK IN DETERMINING POLICY.

THOSE "UNREPENTANT CAPITALIST ROADERS WITHIN THE PARTY" (OBVIOUSLY REFERRING TO TENG AND OTHER PROMINENT REHABILITEES) ARE SAID TO HAVE DISTORTED THE CHAIRMAN'S WISHES LAST SPRING WHEN THEY PUT THE NEED FOR STABILITY AND UNITY AND ECONOMIC DEVELOPMENT ON AN EQUAL PLANE WITH CONTINUING THE "CLASS STRUGGLE." THE ARTICLE ACCUSES THE "CAPITALIST ROADERS" OF ATTEMPTING TO "RESTORE CAPITALISM" TO CHINA AND TRYING TO REVERSE THE VERDICT ON THE CULTURAL REVOLUTION. IN THE "INDIVIDUAL DEPARTMENTS WHERE THEY HAVE USURPED POWER," THESE PEOPLE ARE SAID TO HAVE TAKEN THE SAME OLD ROAD, CALLED BACK PEOPLE EARLIER DISGRACED, AND ATTEMPTED TO PUT BOURGEOIS INTELLECTUALS ABOVE PARTY COMMITTEES. MATERIAL INCENTIVES, CONCERN WITH PROFITS, AND OLD RULES ARE SAID TO HAVE BEEN RESTORED IN SOME UNITS WHERE THEY HAD BEEN CRITICIZED DURING THE CULTURAL REVOLUTION. MOST OMINOUSLY, THESE PEOPLE ARE ACCUSED OF "UNSCRUPUOUSLY SPLITTING THE PARTY CENTER HEADED BY CHAIRMAN MAO" AND OPPOSING HIM AND HIS REVOLUTIONARY LINE.

3. TENG HSIAO-PING FIRST MADE PUBLIC THE CONTENT BUT NOT THE NAME OF THE "THREE POINT DIRECTIVE" IN HIS SPEECH TO FOREIGN DIPLOMATS IN PEKING ON SEPTEMBER 30, 1975. HUA KUO-FENG USED A VARIANT OF THIS FORMULA IN HIS OCTOBER 20 SPEECH TO THE "LEARN FROM TACHAI" CONFERENCE AND THE PEOPLE'S DAILY EDITORIAL OF OCTOBER 21, ON THIS CONFERENCE, MADE THE FORMULA EXPLICIT WITH

LANGUAGE CALLING ON THE COUNTRY TO "CARRY OUT THE THREE POINT DIRECTIVE PUT FORWARD BY CHAIRMAN MAO ON STUDYING THEORY (IN ORDER TO) COMBAT AND PREVENT REVISION, ON STABILITY AND UNITY, AND ON BOOSTING THE NATIONAL ECONOMY..." A FEW SLOGANS EXHORTING THE POPULACE TO SUPPORT "CHAIRMAN MAO'S THREE POINT DIRECTIVE" ALSO APPEARED IN PEKING SHOPS AT ABOUT THE SAME TIME, BUT THE EMPHASIS ON STABILITY AND UNITY AND PRODUCTION EARLIER IN THE YEAR LEFT LITTLE DOUBT THAT THEY WERE INDEED THE WATCHWORDS OF TENG'S MODERATE POLICIES.

4. A PARALLEL THREAD OF CRITICISM RUNNING THROUGH THE ARTICLES IS AN OVER-EMPHASIS BY TENG AND HIS SUPPORTERS ON THE "FOUR MODERNIZATIONS" (OF AGRICULTURE, INDUSTRY, NATIONAL DEFENSE, AND SCIENCE AND TECHNOLOGY) ENUNCIATED AT THE NATIONAL PEOPLE'S CONGRESS IN JANUARY 1975 BY PREMIER CHOU EN-LAI. THE FEBRUARY

CONFIDENTIAL

PAGE 03 PEKING 00296 201047Z

15 LEAD PEOPLE'S DAILY ARTICLE CRITICIZED THE "ALL FOR THE FOUR MODERNIZATIONS" APPROACH AS SIMILAR TO PROGRAMS OF TROTSKY, BUKHARIN, KHRUSHCHEV, BREZHNEV, AND LIU SHAO-CHI AND THE FEBRUARY 17 ARTICLE SAID THEY WERE USING THE "FOUR MODERNIZATIONS" TO LURE PEOPLE FROM THE CORRECT REVOLUTIONARY PATH. FOR THE RECORD THE CRITICS, OF COURSE, CLAIM THAT THEY ARE THE ONES TRULY WANTING TO DEVELOP CHINA INTO A MODERN POWERFUL SOCIALIST COUNTRY BY THE END OF THE CENTURY IN ACCORDANCE WITH MAO'S

INSTRUCTIONS.

5. A CRITICAL ELEMENT IN THE DISPUTE IS THAT TENG POLICIES PRODUCED A BANNER ECONOMIC YEAR AND WERE APPARENTLY QUITE POPULAR WITH THE MASSES. A LOCAL EMPLOYEE AT ONE OF THE EMBASSIES IN PEKING WHEN SHOWN POSTER CRITICISM REFERRING OBVIOUSLY TO TENG, COMMENTED AFTER A PAUSE, "IT WAS AN EXCELLENT YEAR FOR THE ECONOMY." OTHER LOW-LEVEL COMMENTS SUGGEST THAT SOME CHINESE RESENT THE ATTACKS ON LAST YEAR'S POLICIES AS CRITICISM OF CHOU'S APPROACH TO BUILDING A MODERN CHINA. SOME OF THE CRITICAL ARTICLES HAVE ACCUSED THE "CAPITALIST ROADERS" OF ATTEMPTING TO EXPAND THE "EIGHT GRADE WAGE SCALE," PRESUMABLY IN THE DIRECTION OF INCREASED MATERIAL INCENTIVES. THERE ARE GENUINE GRIEVANCES OVER THE INFLEXIBILITY OF THE PRESENT SYSTEM AND WAGE REVISION WOULD APPEAR TO BE A HIGHLY POPULAR PROGRAM.

6. WE HAVE NO EVIDENCE AS YET THAT THE PEOPLE'S DAILY ARTICLES OR OTHER AGITATION HAVE RESULTED IN A RESURGENCE OF FACTIONALISM TO THE EXTENT OF DISTURBING PRODUCTION AT LOCAL LEVELS. CERTAINLY MYBBR EFFORTS WILL BE MADE TO MAINTAIN PRODUCTION. BUT THE PROSPECT OF SOME DISRUPTION IS THERE IF THE CRITICISMS CONTINUE AND THE OPENLY ACKNOWLEDGED SPLIT AT THE CENTER IS NOT QUICKLY REPAIRED. AND THE THRUST FOR DEVELOPMENT MAY BE SERIOUSLY WEAKENED FOR SOME TIME. MOREOVER, HUA'S IDENTIFICATION WITH THE "THREE POINT DIRECTIVE" AND THE CRITICISM OF "RECTIFICATION" (ALSO IN THE PD FEBRUARY 17 ARTICLE), WHICH WAS ALSO A MAJOR POINT IN HIS TACHAI SPEECH, RAISE THE POSSIBILITY THAT HE COULD ALSO BE HURT BY CONTINUED HAMMERING ON THESE THEMES.

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